

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 155 – SB 796**

March 22, 2017

**SUMMARY OF ORIGINAL BILL:** Authorizes a winery in Davidson County to own or operate a retail package store on the same property as the winery.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Revenue – \$300/One-Time/ABC Fund  
\$850/Recurring/ABC Fund  
\$10,800/Recurring/General Fund

Increase Local Revenue – \$4,500/Recurring/Permissive

**SUMMARY OF AMENDMENT (005663):** Deletes and rewrites the bill without making any substantive changes to the legislation.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

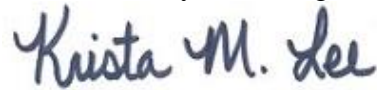
Assumptions for the bill as amended:

- This legislation only applies to a winery located in Davidson County.
- Based on information provided by ABC, the winery located in Davidson County does not currently qualify for a retail package license.
- There is an initial application fee of \$300 and an \$850 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- No additional personnel or resources will be required by the ABC.
- The current state sales tax rate is 7.0 percent; the average local option sales tax rate in Davidson County is 2.25 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- According to the Department of Revenue, in FY13-14 the average collection for wineries was \$45,000 for state sales tax and \$17,000 for local sales tax. Using average annual growth rates in tax collections from sales of wine, the average state and local sales tax collections per winery is estimated to be \$56,000 and \$20,500, respectively.

- Authorizing a winery to operate a retail package store is estimated to increase sales tax collections remitted by the winery by 20 percent.
- The recurring increase in state sales tax collections is estimated to be \$11,200 (\$56,000 x 20%).
- The state-shared allocation to local governments is estimated to be \$405 (\$11,200 x 3.617%).
- The recurring increase in local sales tax collections is estimated to be \$4,100 (\$20,500 x 20%).
- The net recurring increase in state sales tax revenue is estimated to be \$10,795 (\$11,200 - \$405).
- The total recurring increase in local sales tax revenue is estimated to be \$4,505 (\$4,100 + \$405).
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jaw